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June 5, 2017

FILED UNDER SEAL

The Honorable Valerie E. Caproni
United States District Court
Southern District of New York
40 Foley Square
New York, New York 10007-1312

Re: *In re Commodity Exch., Inc., Gold Futures & Options Trading Litig.*, No. 14-MD-2548
(VEC)

Dear Judge Caproni:

We write to apprise the Court of a new development that further supports Plaintiffs' pending motion for leave to file the proposed Third Amended Complaint ("TAC") (Dkt. No. 183).

On June 1, 2017, former [REDACTED] trader David Liew pled guilty to collusion and manipulation in the markets for gold and other precious metals. *See* Ex. A (Plea Agreement dated June 1, 2017), at 2. Among other misconduct, Mr. Liew placed, and conspired with other precious metals traders to place "hundreds of orders to buy or to sell precious metals futures contracts that he intended to cancel and not to execute at the time he placed the orders." *Id.* at 5. Mr. Liew not only "engaged in solo spoofing or coordinated spoofing with traders at" [REDACTED] (referred to as "Bank A" in the Plea Agreement), but also conspired with precious metals traders at other banks, including a "trader at Bank B," with whom he engaged in "deceptive and manipulative trading that was intended to artificially move the price of a precious metals futures contract in order to trigger customers' stop-loss orders." *Id.* at 8, 9. Based on a review of the Plea Agreement and the limited discovery Plaintiffs have obtained in this action, Plaintiffs understand that the "trader at Bank B" is [REDACTED].

On June 2, the CFTC issued an order finding that Mr. Liew had engaged in spoofing activities both individually and in collusion with other precious metals traders to manipulate the prices of gold and silver futures contracts, including by stop-loss manipulation. *See* Ex. B (CFTC Order dated June 2, 2017), at 2-4. The CFTC specifically found that Mr. Liew had "coordinated . . . with another precious metals trader" at another institution (likely [REDACTED]).

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█). *Id.* at 3. The CFTC Order cites multiple instances of manipulation, including one example dated March 29, 2011, where the other precious metals trader asked Mr. Liew to “push [gold futures prices] up” because he “need[ed] a print.” *Id.* at 4. Mr. Liew complied by buying gold futures contracts and later sold back the gold futures contracts after the other trader had executed his transactions. *Id.*

These developments further confirm the plausibility of the collusion and manipulation alleged in Plaintiffs’ TAC, including allegations of collusion involving █ specifically. Indeed, the TAC expressly cites chats between Mr. Liew and █ *concerning the Fix*, including their discussions of █

█. As Plaintiffs have previously explained, these chats demonstrate that █ knew that the Fix was being manipulated. (Dkt. No. 192 at █) And, while █ has argued that █, Mr. Liew’s Plea Agreement demonstrates that gold trading is global. As the Plea Agreement states, “due to the nature of the nearly 24-hour trading cycle, [Mr. Liew] interacted with members of the trading team in the United States and the United Kingdom.” Ex. A at 6; *see also id.* (adding that “[i]t was after joining the metals trading desk that [Mr. Liew] was taught to spoof by other metals traders, including other metals traders at” █).

Plaintiffs respectfully submit that, given the evidence of manipulation and collusion already uncovered, Plaintiffs’ motion for leave to amend should be granted.

Respectfully submitted,



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